

August 28, 2006

Office of the Governor

Dear Governor Sanford:

The Authority has determined that our budget request for fiscal year 2007-2008 will not include any additional FTEs, capital funds or changes in provisos. The Authority has not received any General Fund appropriations since the 1980's. We have completed and attached the Executive Summary and the Cost Savings Addendum.

We will submit our detailed budget request for fiscal year 2007-2008 to the Office of the State Budget by the established deadline. Please let us know if you need any further information.

Sincerely,

Eugene A. Laurent, Ph.D.
Executive Director

FISCAL YEAR 2007-08 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: Section 20 / L32 / Housing Finance and Development Authority

B. Statewide Mission: Create quality affordable housing opportunities for the citizens of South Carolina.

C. Summary Description of Strategic or Long-Term Goals:

(1) Maintain Effective Programs - Quickly disseminate information regarding program changes. Use all available resources to identify best practices and programs, as well as needs and opportunities. Actively seek new business partners to expand the reach and depth of the programs offered by the Authority. Insure that the housing mission of the Authority operates in harmony with the State's overall goals in economic development.

(2) Continuously Improve Our Processes - Actively involve employees at all levels in simplifying our processes both internally and for our external partners. Identify common processes and missions within the Authority to eliminate redundant and/or conflicting requirements and to streamline operations. Establish quantifiable benchmarks to measure performance across the organization.

(3) Strengthen Our Internal Environment - Maintain a clear understanding of our current financial position, and institute planning and monitoring to accommodate and anticipate market changes. Provide defined communication channels at all levels of the organization. Promote an environment that values cross-training and learning across traditional organizational lines. Promote an environment that encourages teamwork and problem-solving at all levels of the organization. Create and maintain a project management discipline throughout the organization to insure that expectations and results are quantifiable and measured.

D.

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 1	Title: Homeownership	0	0	0	1,617,731	\$1,617,731	0	0	1.0	1.00
Strategic Goal No. 1,2,3 Activity Number & Name: 1136 Homeownership										
Priority No.: 2	Title: Property Administration and Compliance	0	0	1,146,093	48,309	\$1,194,402	0	0	-.25	- 0.25

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Strategic Goal No. 1,2,3 Activity Number & Name: 1137 Property Administration and Compliance										
Priority No.: 3	Title: Housing Initiatives	0	0	4,111,048	-91,933	\$4,019,115	0	0.00	-0.25	- 0.25
Strategic Goal No. 1,2,3 Activity Number & Name: 1135 Housing Initiatives										
Priority No.: 4	Title: Rental Assistance	0	0	88,172	0	\$88,172	0	0.25	0	0.25
Strategic Goal No. 1,2,3 Activity Number & Name: 1134 Rental Assistance										
Priority No.: 5	Title: Tax Credit	0	0	0	-348,281	(\$348,281)	0	0	-1.25	- 1.25
Strategic Goal No. 1,2,3 Activity Number & Name: 1138 Tax Credit										
Priority No.: 6	Title: Administration	0	0	0	735,803	\$735,803	0	0	0.50	0.50
Strategic Goal No. 1,2,3 Activity Number & Name: 1139 Administration										
TOTAL OF ALL PRIORITIES		\$ 0	\$ 0	\$5,345,313	\$1,961,629	\$7,306,942	0.00	0.25	- 0.25	0.00

E. Agency Recurring Base Appropriation:

State \$ 0

Federal \$ 109,837,862

Other \$ 15,488,271

F. Efficiency Measures: Accountability Report – Sections 3. Customer Focus and 7. Business Results

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$ 0	\$ 0	\$ 0	\$ 0

* If applicable

H. Number of Proviso Changes: None

I. Signature/Agency Contacts/Telephone Numbers:

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II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 20 / L32 / Housing Finance and Development Authority

B. Priority No. 1 of 6

C. (1) Title: Homeownership

(2) Summary Description: The Homeownership activity issues Mortgage Revenue Bonds and uses the proceeds to purchase single-family mortgages at below-market rates for low to moderate income first-time homebuyers. The activity also services the mortgages.

(3) Strategic Goal/Action Plan (*if applicable*): (1) Maintain Effective Programs, (2) Continuously Improve Our Processes, (3) Strengthen Our Internal Environment

D. Budget Program Number and Name: III. A. Mortgage Production and III.B. Mortgage Servicing

E. Agency Activity Number and Name: 1136 Homeownership

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Each year the Authority purchases and services additional mortgages. Changes in the personnel budget resulted from prior year reallocations and anticipated cost increases. The \$1.5 million increase in program funds will be used to purchase additional mortgages using principal and interest repayments received along with income earned by other the Authority programs.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*				1.00	1.00
(b) Personal Service				119,673	\$119,673
(c) Employer Contributions				38,089	\$38,089
Program/Case Services				1,500,000	\$1,500,000
Pass-Through Funds				0	\$ 0
Other Operating Expenses				-40,031	(\$40,031)

Total	\$ 0	\$ 0	\$ 0	\$1,617,731	\$1,617,731
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$0
Federal \$0
Other \$1,666,979

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

- (a) Justification: Each year the Authority purchases and services additional mortgages. The increase in FTEs and personnel costs result from an increase in workload volume and complexity.
- (b) Future Impact on Operating Expenses or Facility Requirements: This is not a “New” FTE, but rather an FTE transferred from another activity at the Authority. There will be no agency-wide impact on Operating Expenses or Facilities.

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Program Coordinator					
(a) Number of FTEs			1.00		1.00
(b) Personal Service			40,000		\$40,000
(c) Employer Contributions			12,000		\$12,000

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State	<u>0</u>
Federal	<u>0</u>
Other	<u>23</u>

Agency-wide Vacant FTEs as of July 31, 2006: 9

% Vacant 7.38%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 20 / L32 / Housing Finance and Development Authority

B. Priority No. 2 of 6

D. (1) Title: Property Administration and Compliance

(2) Summary Description: The Property Administration and Compliance activity administers two Federal Programs and monitors compliance related to three additional Federal Programs and the Housing Trust Fund program. Part of the administrative responsibilities involves disbursing Federal Funds to pay rental subsidies to over 250 apartment complexes for over 17,000 low income families.

(3) Strategic Goal/Action Plan (*if applicable*): (1) Maintain Effective Programs, (2) Continuously Improve Our Processes, (3) Strengthen Our Internal Environment

D. Budget Program Number and Name: II.A. Property Administration and Compliance

E. Agency Activity Number and Name: 1137 Property Administration and Compliance

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Each year the complexity of regulations and the amount of data required increases. Changes in the personnel budget resulted from prior year reallocations and anticipated cost increases. The \$1.1 million increase in program funds covers rent increases allowed under the Federal Programs.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*				0	0.00
(b) Personal Service				54,618	\$54,618
(c) Employer Contributions				13,691	\$13,691
Program/Case Services			1,146,093	0	\$1,146,093
Pass-Through Funds					\$ 0

Other Operating Expenses				-20,000	(\$20,000)
Total	\$ 0	\$ 0	\$1,146,093	\$48,309	\$1,194,402
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 0
Federal \$ 88,853,907
Other \$ 1,577,159

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(2) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2006: 9

% Vacant 7.38%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 20 / L32 / Housing Finance and Development Authority

B. Priority No. _3_ of _6_

E. (1) Title: Housing Initiatives

(2) Summary Description: The Housing Initiatives activity administers one Federal and one State Program. These programs provide grants and loans to individuals, agencies and businesses that provide housing and housing services to low-income families.

(3) Strategic Goal/Action Plan (*if applicable*): (1) Maintain Effective Programs, (2) Continuously Improve Our Processes, (3) Strengthen Our Internal Environment

D. Budget Program Number and Name: II.C. Housing Initiatives

E. Agency Activity Number and Name: 1135 Housing Initiatives

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Each year the complexity of regulations and the amount of data required increases. Changes in the personnel budget resulted from prior year reallocations and anticipated cost increases. The increase in other operating costs results from an increase in workload volume and complexity. The \$4 million increase in program funds will be used to fund additional grants and loans that create new or rehabilitate existing affordable housing units.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*			0	0	0.00
(b) Personal Service			29,494	-32,198	(\$2,704)
(c) Employer Contributions			-3,446	-2,007	(\$5,453)
Program/Case Services			4,000,000		\$4,000,000
Pass-Through Funds					\$ 0

Other Operating Expenses			85,000	-57,728	\$27,272
Total	\$ 0	\$ 0	\$4,111,048	(\$91,933)	\$4,019,115

** If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.*

(3) Base Appropriation:

State \$ 0
Federal \$ 9,434,589
Other \$ 602,015

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(3) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2006: 9

% Vacant 7.38 %

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 20 / L32 / Housing Finance and Development Authority

B. Priority No. _4_ of _6_

F. (1) Title: Rental Assistance

(2) Summary Description: This activity administers two Federal Programs that provide rent subsidies to low-income families. This activity income qualifies households, inspects rental units and disburses Federal Funds to subsidize the rent for over 2,000 low-income families.

(3) Strategic Goal/Action Plan (*if applicable*): (1) Maintain Effective Programs, (2) Continuously Improve Our Processes, (3) Strengthen Our Internal Environment

D. Budget Program Number and Name: II. B. Rental Assistance

E. Agency Activity Number and Name: 1134 Rental Assistance

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Each year the complexity of regulations and the amount of data required increases. Changes in the personnel budget resulted from prior year reallocations and anticipated cost increases. The increase in other operating costs results from an increase in workload volume and complexity.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*			.25		0.25
(b) Personal Service			39,262		\$39,262
(c) Employer Contributions			13,660		\$13,660
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses			35,250		\$35,250

Total	\$ 0	\$ 0	\$88,172	\$ 0	\$88,172
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 0
Federal \$ 11,134,581
Other \$ 0

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(4) Justification for New FTEs

- (a) Justification: The increase in FTEs results from a realignment of management.
(b) Future Impact on Operating Expenses or Facility Requirements: This is not a “New” FTE, but rather an FTE transferred from another activity at the Authority. There will be no agency-wide impact on Operating Expenses or Facilities.

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Program Manager II					
(a) Number of FTEs		.25			0.25
(b) Personal Service		20,000.00			\$20,000
(c) Employer Contributions		6,000			\$6,000

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State	_____
Federal	__17.00_____
Other	_____

Agency-wide Vacant FTEs as of July 31, 2006: __9__

% Vacant __7.38____%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 20 / L32 / Housing Finance and Development Authority

B. Priority No. 6 of 6

G. (1) Title: Administration

(2) Summary Description: This activity contains executive management, personnel, finance, information technology, internal audit and Board of Commissioner functions.

(3) Strategic Goal/Action Plan (*if applicable*): (1) Maintain Effective Programs, (2) Continuously Improve Our Processes, (3) Strengthen Our Internal Environment

D. Budget Program Number and Name: I.A. Administration

E. Agency Activity Number and Name: 1139 Administration

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Each year the complexity of regulations and the amount of data required increases. Changes in the personnel budget resulted from prior year reallocations and anticipated cost increases. The increase in operating costs results from increased workload and complexity and new administrative initiatives including imaging and the Authority's cost to implement SCEIS.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*				.50	0.50
(b) Personal Service				251,700	\$251,700
(c) Employer Contributions				65,919	\$65,919
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses				418,184	\$418,184

Total	\$ 0	\$ 0	\$ 0	\$735,803	\$735,803
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 0
Federal \$ 0
Other \$ 9,472,561

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(5) Justification for New FTEs

- (a) Justification: The decrease in FTEs results from a realignment of management. The increase in FTEs is needed to coordinate document imaging and other administrative improvements
- (b) Future Impact on Operating Expenses or Facility Requirements: This is not a “New” FTE, but rather an FTE transferred from another activity at the Authority. There will be no agency-wide impact on Operating Expenses or Facilities.

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Program Manager II					
(a) Number of FTEs			-.50		- 0.50
(b) Personal Service			-40,000		(\$40,000)
(c) Employer Contributions			-12,000		(\$12,000)

	State	Federal	Earmarked	Restricted	Total
Position Title: Program Coordinator					
(a) Number of FTEs			1.00		1.00
(b) Personal Service			40,000		\$40,000
(c) Employer Contributions			12,000		\$12,000

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State _____

Federal _____

Other _____33.5_____

Agency-wide Vacant FTEs as of July 31, 2006: _____9_____

% Vacant _____7.38_____%

H. Other Comments:

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

- A. Agency Section/Code/Name: Section 20 / L32 / Housing Finance and Development Authority
- B. Agency Activity Number and Name: 1139 Administration
- C. Explanation of Cost Savings Initiative: Decrease the amount program funding available for special housing projects.
- D. Estimate of Savings:

FY 2007-08 Cost Savings Estimates:	General	Federal	Other	Total
Personnel:				
(a) Number of FTEs				0.00
(b) Personal Service				\$ 0
(c) Employer Contributions				\$ 0
Program/Case Services			309,765	\$309,765
Pass-Through Funds				\$ 0
Other Operating Expenses				\$ 0
Total	\$ 0	\$ 0	\$309,765	\$309,765

- E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):
The Authority funds, through the Administration activity, certain housing activities that do not fall under other housing programs administered by the Authority. This decrease will limit or eliminate funding for a project(s).

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title: Administration Activity Number & Name: 1139 Administration	0	0	309,765	\$309,765	0	0	0	0.00
Initiative Title: Activity Number & Name:	0	0	0	\$ 0	0	0	0	0.00
Initiative Title: Activity Number & Name:	0	0	0	\$ 0	0	0	0	0.00
TOTAL OF ALL INITIATIVES	\$ 0	\$ 0	\$309,765	\$309,765	0.00	0.00	0.00	0.00

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

A. Agency Section/Code/Name: Section 20 / L32 / Housing Finance and Development Authority

B. Agency Activity Number and Name: 1139 Administration

C. Explanation of Lowest Priority Status: Administration encompasses the general administrative operations of the Authority and the funding of certain housing activities that do not fall under other specifically mandated housing programs administered by the Authority. These projects, while important, do not fall under existing Federal or State laws and regulations or Bond or Trust covenants that dedicate funding.

D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	7,000,000	\$7,000,000
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$7,000,000	\$7,000,000

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*): Each housing project funded benefits an individual, family or group of people. There is no way to know which activities will require this funding during 2007-08. Any reduction to the \$7,000,000 will result in increased competition for available funds and decrease affordable housing units produced in the State.

F.

Summary of Priority Assessment of Activities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 1139 Administration	0	0	0	0	7,000,000	\$7,000,000	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$7,000,000	\$7,000,000	0.00